

Message Text

LIMITED OFFICIAL USE

PAGE 01 JAKART 05635 110928 Z

20

ACTION COME-00

INFO OCT-01 EA-11 ADP-00 AID-20 CIAE-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 OMB-01 INT-08 RSR-01 /094 W
----- 033405

P R 110851 Z MAY 73

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC PRIORITY 6864

INFO AMCONGEN HONG KONG

AMEMBASSY TOKYO

AMCONSUL MEDAN

AMCONSUL SURABAYA

LIMITED OFFICIAL USE JAKARTA 5635

DEPARTMENT PASS EXIM AND COMMERCE FOR MAJOR
PROJECTS DIVISION

HONG KONG PASS RAND

E. O. 11652: N/A

TAGS: BEXP, EFIN, ID, JA

SUBJECT: TRADE OPPORTUNITY: EXIM FINANCE
DESIRED FOR POWER LOAN?

REF: A) JAKARTA A-66, APRIL 11, 1973;
B) JAKARTA A-34, 2/15/73.

1. SUMMARY: OPPORTUNITY OPEN FOR U. S. FIRM TO SUPPLY
\$100 MILLION IN POWER GENERATION EQUIPMENT FOR MAJOR
STEEL MILL DEVELOPMENT. ACTION REQUESTED: FAVORABLE
EXIM CONSIDERATION OF P. C. ISSUANCE FOR PROPOSED
PROJECT. END SUMMARY.

2. REF A, PAGE 18 DESCRIBES BRIEFLY \$700 MILLION
(2 MILLION TON/ YEAR) INTEGRATED STEEL MILL PROJECT BEING
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 JAKART 05635 110928 Z

UNDERTAKEN BY P. T. KRAKATAU, GOI STATE ENTERPRISE MANAGED BY PERTAMINA WHICH HAS 60 PERCENT EQUITY IN THIS JOINT VENTURE WITH GOI (SEE ALSO REF B, ENCLOSURE A, PAGE 2). PERTAMINA GIVING INITIAL OPPORTUNITY TO U. S. FIRM TO SUPPLY FIVE 100 MW GENERATORS OF \$20 MILLION EACH FOR PHASED DELIVERY OF PROJECT, DESPITE KEEN JAPANESE INTEREST AND INSIDE TRACK ON PROJECT, APPARENTLY BECAUSE OF PERTAMINA DESIRE AVOID OVERDEPENDENCE ON JAPANESE. FOLLOWING PATTERN OF CILACAP REFINERY FINANCING PLAN (EXIM PC 73-0-1915 A OF APRIL 10, 1973), WHICH APPROACH SUPPORTED BY GOI ECONOMIC MINISTERS, PERTAMINA IS SEEKING FINANCING WITH LOAN PACKAGE MATURITY OF 15 1/2 YEARS OR GREATER. AMTRACO (REPRESENTING GE) AND MARINE MIDLAND LOCAL REPS URGING HOME OFFICES TO SEEK EXIM ASSISTANCE FOR FINANCING PACKAGE, INVOLVING UP TO \$45 MILLION SHARE EACH FOR EXIM AND MM-FORMED SYNDICATE.

3. LOCAL MARINE MIDLAND REP BELIEVES SYNDICATE COULD PROVIDE UP TO 8-10 YEAR TERMS. IF EXIM COULD CONSIDER SECOND HALF MATURITIES OF COMPARABLE LENGTH FOR SUPPLY OF POWER PLANT FOR MAJOR INTEGRATED STEEL MILL, WOULD APPEAR THAT PERTAMINA TERMS MIGHT BE MET. AMTRACO REP INDICATES GE CONSIDERING PROPOSAL FOR COMBINED CYCLE GAS TURBINE AND STEAM GENERATOR FACILITY, AS MOST EFFICIENT MEANS SUPPLY EXPECTED 6 TO 8 ELECTRIC ARC FURNACES.

4. MISSION BELIEVES THIS PROJECT OFFERS VALUABLE U. S./TRADE OPPORTUNITY WHICH COULD INVOLVE BUSINESS WELL BEYOND \$100 MILLION POWER SUPPLY REQUIREMENT. PERTAMINA AS ALWAYS WORKING AGAINST SHORT DEADLINE. P. T. KRAKATAU HAS ALREADY PURCHASED LARGE PORTION OF LAND REQUIRED FOR PROJECT AND HAS JUST ORDERED \$7 MILLION HEAVY CONSTRUCTION EQUIPMENT FOR PROJECT (INCLUDING SOME U. S. EQUIPMENT) AND 35 MW OF POWER GENERATION EQUIPMENT. THEREFORE APPEARS IMPORTANT THAT U. S. BE PREPARED ACT PROMPTLY ON THIS OPPORTUNITY. JAPANESE FIRM RECENTLY COMPLETED FEASIBILITY STUDY FOR INTEGRATED MILL SO CLEARLY JAPANESE FIRMS WILL HAVE INSIDE OR EXCLUSIVE CHANCE UNLESS U. S. FINANCING EXCEEDING 15 1/2 YEARS AVAILABLE.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 JAKARTA 05635 110928 Z

5. EMBASSY INFORMED THAT AMTRACO REP (PROBABLY V. P. MAC BOLLMAN FROM N. Y. OFFICE) AND MARINE MIDLAND OFFICIALS WILL BE CONTACTING EXIM AND POSSIBLY AID/W OFFICIALS REGARDING POSSIBILITIES FOR USG FINANCIAL PARTICIPATION IN NEXT FEW DAYS.

6. MISSION HAS NO DOCUMENTATION YET BY WHICH EVALUATE
ECONOMIC FEASIBI

*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 11 MAY 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: boyleja
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973JAKART05635
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: JAKARTA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730542/aaaaixfb.tel
Line Count: 115
Locator: TEXT ON-LINE
Office: ACTION COM
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 73 JAKARTA A-66, APRIL 11, 1973, 73 JAKARTA A-34, 2/15/73.
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags: ANOMALY
Review Date: 09 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09-Aug-2001 by boyleja>; APPROVED <24-Aug-2001 by boyleja>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> mcm 980202
Subject: TRADE OPPORTUNITY: EXIM FINANCE DESIRED FOR POWER LOAN?
TAGS: BEXP, EFIN, ID, JA
To: AMCONGEN HONG KONG
COME
MEDAN
SECSTATE WASHDC
SURABAYA
TOKYO
Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005